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NEWS RELEASE

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**PSC TO HEAR FROM PUBLIC ON TRANSFER OF SANDY VALLEY
WATER DISTRICT**

Meeting set for Jan. 11 in Betsy Layne

FRANKFORT, Ky. (Jan. 5, 2007) – The Kentucky Public Service Commission (PSC) will hold a meeting to receive public comment on the proposed transfer of the Sandy Valley Water District to the city of Pikeville and the Southern Water and Sewer District.

The meeting will begin at 5 p.m. EST on Thursday, Jan. 11, in the cafeteria of the Betsy Layne Elementary School, 256 School Street in Betsy Layne.

Sandy Valley Water District, which is headquartered in Betsy Layne, has 2,368 retail customers in Floyd (1,146) and Pike (1,222) counties. Southern Water and Sewer District serves about 6,160 retail water customers in Floyd and Knott counties. Pikeville has about 3,200 retail water customers.

Under the proposed transaction, Southern Water and Sewer District would take over Sandy Valley's customers in Floyd County, while Sandy Valley customers in Pike County would be served by the city of Pikeville. In exchange for Sandy Valley's assets, Southern Water and Sewer District and Pikeville would assume Sandy Valley's \$1.4 million in debt.

Persons wishing to comment on the proposed transfer are invited to address the PSC at the meeting or to submit written comments. Written comments also may be submitted to the PSC by mail, fax or e-mail.

Documents in the case are available on the PSC Web site, psc.ky.gov. The case number is 2006-00327.

The PSC is an agency within the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 110 employees.

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